

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DOCKET NO. 06-0321401

APPLICATION OF BLACKWELL EXPLORATION & DEVELOPMENT, LLC (073342) TO CONSOLIDATE THE NEUHOFF (COTTON VALLEY SD) FIELD, NEUHOFF (COTTON VALLEY M SD) FIELD, AND THE NEUHOFF (TRAVIS PEAK) FIELD INTO THE NEUHOFF (TP CV CONS.) FIELD, AND ADOPT PERMANENT FIELD RULES FOR THE NEUHOFF (TP CV CONS.) FIELD, WOOD COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after statutory notice in the above-numbered docket heard on April 2, 2019, the presiding Technical Examiner and Administrative Law Judge (collectively, "Examiners") have made and filed a report and recommendation ("Report") containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Commission at conference held in its offices in Austin, Texas.

The Commission, after consideration of this matter, hereby adopts as its own the findings of fact and conclusions of law contained in the Report and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

It is **ORDERED** by Commission that the following specified oil and gas Field Rules identified below are hereby consolidated into the Neuhooff (TP CV Cons.) Field (No. 65011450). Wells in the specified (bulleted) Fields below shall to be transferred into the Neuhooff (TP CV Cons.) Field, Wood County, Texas:

- Neuhooff (Cotton Valley SD) Field (No. 65011200), (oil and gas);
- Neuhooff (Cotton Valley M SD) Field, (No. 65011250), (gas);
- Neuhooff (Travis Peak) Field (No. 65011460), (oil and gas).

Furthermore, it is **ORDERED** by the Commission that permanent field rules are adopted for the Neuhooff (TP CV Cons.) Field (No. 65011450), in Wood County, Texas, and are numbered and set out in their entirety as follows:

RULE 1: The designated interval for the Neuhooff (TP CV Cons.) Field is the entire correlative stratigraphic interval from the top of the Travis Peak formation, which is also the base of Pettet formation, to the top of the Buckner formation, which is the base of the Cotton Valley formation. This interval is mostly represented by the correlative interval on the Dual Induction SFL log from 12,182 feet to 14,470 feet in the Taubert & Steed Lillian Turbeville No. 3 (API No. 4249930782). This entire correlative stratigraphic interval is designated as a single reservoir for proration purposes.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than FOUR HUNDRED SIXTY SEVEN (467) feet to any property line, lease line or subdivision line. There is no minimum between well spacing limitation. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well, and the above spacing rule and the other rules to follow are for the purpose of permitting only one well to each drilling and proration unit. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission shall have determined that such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules is desired, application therefore shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rule 37 and 38, which applicable provisions of said rule are incorporated herein by reference.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: The acreage assigned to the individual oil or gas well for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be FORTY (40) acres. No proration unit shall consist of more than FORTY (40) acres except as hereinafter provided. Additional acreage may be assigned to each horizontal drainhole well pursuant to Statewide Rule 86. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil or gas. No double assignment of acreage will be accepted.

If after the drilling of the last well on any lease and the assignment of acreage to each well thereon in accordance with the regulations of the Commission there remains an additional unassigned acreage of less than FORTY (40) acres, then and in such event the remaining unassigned acreage up to and including a total of TWENTY (20) acres may be assigned as tolerance acreage to the last well drilled on such lease or may be distributed among any group of wells located thereon, so long as the proration units resulting from the inclusion of such additional acreage meet the limitations prescribed by the Commission.

Proration unit plats are not required for wells in this field. The operator, however, may file proration unit plats for individual wells in this field. There is no maximum diagonal limitation in this field.

RULE 4: The daily allowable production of gas from individual gas wells completed in an associated prorated gas reservoir of the subject field shall be determined by allocating the allowable production, after deductions have been made for wells which are incapable of producing their gas allowables, among the individual wells in the following manner:

NINETY-FIVE percent (95%) of the total field allowable shall be allocated

among the individual wells in the proportion that the deliverability of such well, as evidenced by the most recent G-10 test filed with the Commission, bears to the summation of the deliverability of all proratable wells producing from this field.

FIVE percent (5%) of the field's total allowable shall be allocated equally among all the individual proratable wells producing from the field.

The gas allocation formula in the Neuhoff (TP CV Cons.) Field is suspended until conditions establish the need for the allocation formula as set out in this provision. The allocation formula may be reinstated administratively if the market demand for gas in the Neuhoff (TP CV Cons.) Field drops below 100% of deliverability. If the market demand for gas in the Neuhoff (TP CV Cons.) Field drops below 100% of deliverability while the allocation formula is suspended, the operator shall immediately notify the Commission and the allocation formula shall be immediately reinstated.

RULE 5: The maximum daily oil top allowable for each well in the subject field shall be 212 barrels oil per day (BOPD) and the actual allowable for an individual well shall be determined by the sum total of the two following values:

Each well shall be assigned an allowable equal to the top allowable established for a well having a proration unit containing the maximum acreage authorized exclusive of tolerance acreage multiplied by NINETY-FIVE percent (95%) and by then multiplying this value by a fraction, the numerator of which is the acreage assigned to the well and the denominator of which is the maximum acreage authorized for a proration unit exclusive of tolerance acreage.

Each well shall be assigned an allowable equal to FIVE percent (5%) of the maximum daily oil allowable above.

It is further **ORDERED** by the Commission that a Commission Form P-4, *Producer's Transportation Authority and Certificate of Compliance*, is required to be filed for all leases in the prior existing fields to change the field name to the Neuhoff (TP CV Cons.) Field, as applicable. New lease numbers will be assigned if the operator does not already have an existing lease number assigned in the Neuhoff (TP CV Cons.) Field (Field No. 65011 450). A Commission Form P-16, *Acreage Designation*, and full lease plats are also required in the new fields and should be sent to the Commission with the Commission Form P-4 if acres are not already assigned to the operator's wells that meet the new field criteria. **Operators must respond within sixty (60) days of this order's effective date.**

Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and by agreement of the Parties in writing or on the record, **the parties have waived right to file a motion for rehearing and this Final Order is final and effective on the date the Master Order relating to the Final Order is signed.**

Signed on August 20, 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated August 20, 2019)**